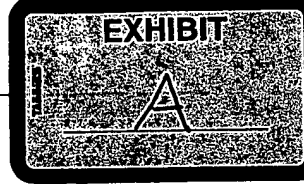


FEBRUARY 1, 2002



The Magazine for Information Executives

**Winner | ENTERPRISE RENT-A-CAR**

# HOW TO STAY AHEAD OF THE CURVE

A rental car agency's automated system has streamlined the replacement rental process and cemented the company's standing in the industry

BY ERIC BERKMAN

**E**nterprise Rent-A-Car promises in its TV commercials, "We'll pick you up." Lately it's been providing a huge pick-me-up for perhaps its most important customers: insurance companies.

Occupying a unique niche in the rental industry, St. Louis-based Enterprise gets 95 percent of its business through local rentals—a significant chunk of which are replacement rentals paid for by auto insurers while the renter's car is in the repair shop. With its Enterprise Value Award-winning Automated Rental

**HEADQUARTERS**  
St. Louis

**CORE BUSINESS**  
Local car rentals

**FINANCIALS**  
\$6.3 billion in sales for FY2001

**EMPLOYEES**  
50,000

**URL**  
[www.enterprise.com](http://www.enterprise.com)

COMPANY PROFILE

Enterprise Rent-A-Car's decision to enable insurance companies to book, extend and pay for replacement rentals online has helped it gain command over the market for auto rental replacements. The company has streamlined a once-cumbersome process, making it cheaper and easier for its insurance customers to serve their policyholders, and driving more of their business to Enterprise.

WHY THEY WON

Photo by  
Scott Indermaur



CIO Bill Snyder says the ARMS online site evolved from graphics-heavy and slow-loading to toned-down and faster.

Management System (ARMS), Enterprise has brought the previously labor-intensive replacement rental process online, streamlining operations for insurers and protecting its niche in the process. To illustrate, the company claims that its overall insurance rental segment—which includes many insurance companies that don't use ARMS—has grown 35 percent between 1998 and 2000. But Enterprise says that business with several of its biggest insurance customers—all of which are using ARMS—has grown at two or three times that rate. And insurance companies are thrilled. "We find it very user-friendly—it increases our efficiency by helping us create reservations faster and easier," says Joseph Ashooh, rental coordinator for MetLife Auto & Home. Greg Horn, material damage director for the GMAC Insurance Personal Line, notes that GMAC has increased its business with Enterprise by 40 percent since going on ARMS, because it improves customer service and lowers costs. Those reactions demonstrate why ARMS is a winning system, says John Glaser, vice president and CIO of Partners HealthCare System and a member of the Enterprise Value Awards judging panel. "Clearly Enterprise had a niche that's very solid, and they've taken very intelligent steps to protect and strengthen their position," he says. "They understand enough about their partners to know what IT innovations will provide value to each of them."

### A Call to ARMS

**A**RMS is a simple concept—a Web-based application that enables insurance companies, Enterprise branches and auto-body shops to manage the entire rental cycle electronically. When someone gets in an accident and files a claim, the insurance adjuster can log on to the ARMS website and create a reservation for the client. Meanwhile, through the ARMS Automotive Web application, the auto-body shop can send daily electronic updates on the status of car repairs. If the repair takes longer than expected, the insurance company is automatically notified through ARMS. Once the body shop com-

pletes the repair and the customer returns the rental car, ARMS automatically generates an invoice and sends it to the insurer. Meanwhile, ARMS gives insurers access to a data warehouse where they can slice and dice information about their overall transactions, enabling them to better analyze and manage the rental process on a macro level.

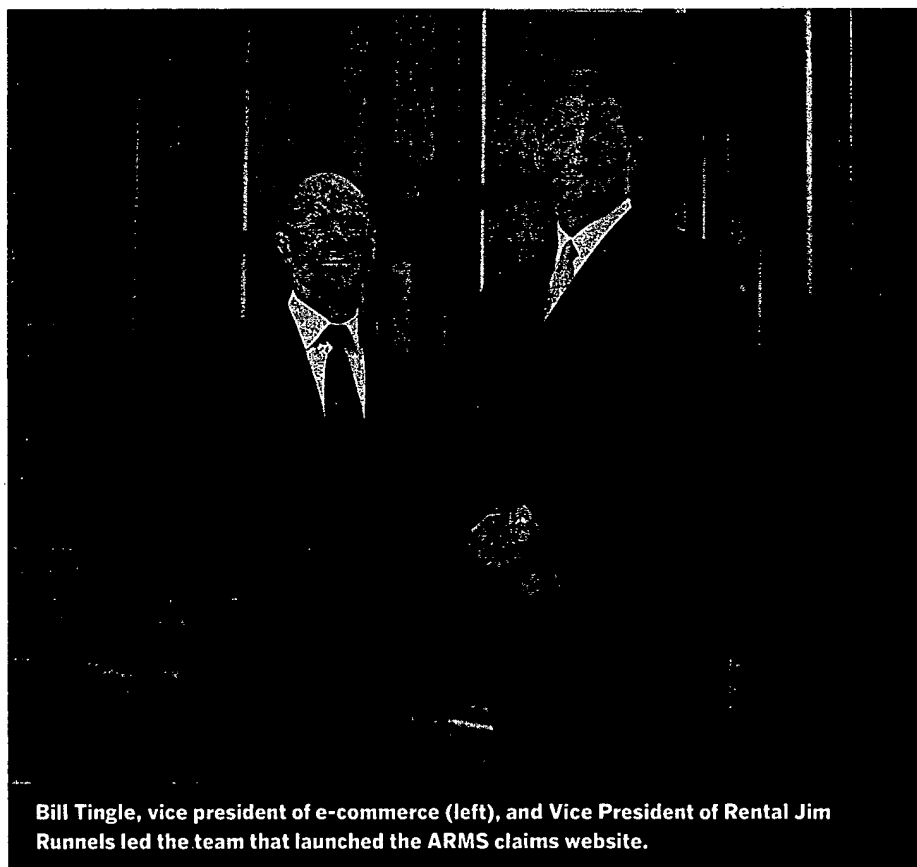
This is a huge improvement over what used to be a cumbersome, paper-laden, manual process. In the past, an adjuster might have had to call an Enterprise branch three or four times before she hooked up with someone who could process a reservation. Now,

## ARMS gives insurers access to data so they can manage auto rentals on a macro level.

with ARMS in place, the endless games of phone tag are over. In fact, Enterprise has calculated that an average of 8.5 phone calls are cut from each rental transaction, as well as half a day from a typical rental cycle, saving the insurance industry between \$36 million and \$107 million annually. That means:

- Enterprise personnel are freed up to provide better personal service to the renter (who's typically disoriented and distressed over his accident and loss of car).
- Auto-body shops can concentrate on repairs instead of fielding annoying phone calls concerning the repair status.
- Insurance companies can cut, on average, a half-day out of the rental cycle.

ARMS was born in the early 1990s, when a couple of major insurance customers, including Geico Direct and Safeco, asked for an automated process that would take a lot of the heavy lifting out of insurance rentals. Without ever doing an ROI, CEO and Chairman Andy Taylor decided that if it was important to Enterprise's customers, then it



Bill Tingle, vice president of e-commerce (left), and Vice President of Rental Jim Runnels led the team that launched the ARMS claims website.

**COST:** \$28 million in hardware, software and staff time; \$7.5 million in annual maintenance

**HARDWARE:** ARMS Claims uses Sun Enterprise Servers as its Web and application servers. Those, in turn, connect to IBM's AS/400 operational systems.

**SOFTWARE:** On the Web servers, ARMS uses Apache software to put up the webpages. On the application servers, it uses BEA WebLogic Server software to perform business logic and dynamically build HTML.

**NETWORK:** Enterprise uses TCP/IP as the protocol running over its Ethernet network.

THE WINNING SYSTEM

Traditionalists beware: CIO Bill Snyder says that Enterprise does not use any standard value assessment tools such as the Balanced Scorecard, project portfolio management or economic value added. Instead Enterprise relies on a computer review committee consisting of Snyder, CEO Andy Taylor, COO Don Ross, CFO John O'Connell and several other executives. The committee members evaluate and prioritize major IT projects based on their gut feeling of what the customer impact will be. Customer-focused IT projects do not go through an ROI analysis, but internal IT projects, like ERP implementations and infrastructure upgrades, do. "Fundamentally, IT doesn't care what it's working on, though we like to work on those things that have the highest return for the business," says Snyder. "The [steering committee] prioritizes things."

VALUE STRATEGY

was important to Enterprise in order to maintain its dominance in the market. So the company went about building the first iteration of ARMS, a system called ARMS Direct, which was a proprietary link between the insurer's claims system and Enterprise's rental system that enabled adjusters to send rental data directly from their own system to Enterprise. However, some insurance companies—particularly the smaller ones—didn't want to do the programming it took to integrate the two systems. So in 1996, Enterprise introduced ARMS 400, an AS/400 host-based application that allowed the adjuster to dial into ARMS and type rental information directly into the rental system, which was more palatable to smaller insurance companies because it didn't touch their own claims system. Finally, in 1999, a team led by Vice President of E-Commerce Bill Tingle and Vice President of Rental Jim Runnels, a business sponsor, introduced ARMS Claims, a Web-based system that allowed the adjuster to manage the entire rental process over the Internet. But that was a challenge. According to Enterprise CIO and Senior Vice President Bill Snyder, the existing systems, with their direct connections between Enterprise and its insurance company customers, had rock-solid 99.9 percent uptime without errors or dropped transactions. Enterprise was therefore concerned about the network control it was losing by transitioning to the Internet, where connection speed isn't as reliable. With a business application, customers expect 24/7

high-speed availability, and they weren't receiving it. "When you get onto a [consumer site like] Amazon.com, there's a level of expectation that traffic might be slow depending on when you go on during the day," says Snyder. "But with our insurance customers, they weren't going to be tolerant of [that]." Tingle's team addressed that challenge by toning down the site's appearance, removing many of the graphics. Customers had liked the snazzy look at first, but the graphics tended to slow transactions anywhere from eight to 10 seconds to a trickle, depending on the time of day and traffic. "After [ARMS] became their daily work horse, they said, 'You know what? I don't need the pretty horse,'" Tingle says.

Business Rewards

Another challenge was the ARMS Automotive system, introduced in April 1999 for auto-body shop users. The payoff for it was obvious. Instead of busy mechanics constantly having to field phone calls, they could simply send a mass update of all Enterprise customer repairs in their shop once a day at their convenience. The problem was that most auto-body shop PCs were still

running on DOS, and Internet access was nowhere on their radar screens. Fortunately, insurance companies began demanding that shops migrate to Windows-based repair-estimating software, which forced most of the shops to upgrade their systems and become Web-enabled in the process. That then allowed Enterprise to develop a single, Web-based version of ARMS Automotive.

In the end, Enterprise has reaped considerable rewards from ARMS. The company processes more than \$1 billion worth of transactions annually through the system. And according to COO and President Don Ross, Enterprise has been able—in large part because of ARMS—to forge several "preferred provider relationships" with insurers like MetLife and GMAC. Meanwhile, 22 of the nation's 25 biggest insurance companies—and more than 150 companies in all—are using the system. And because ARMS makes it so much easier for insurance companies to do business with Enterprise, the company's business with major ARMS customers has grown dramatically faster than its overall insurance business, which includes insurers still conducting rental transactions manually. "We've seen our business more than double with certain companies since they've gone on ARMS," says Ross. "It's really the glue that put it all together."

cio.com

For more on e-commerce, see our E-BUSINESS RESEARCH CENTER at [www.cio.com/es](http://www.cio.com/es)

Have you grown your business by automating your processes? Let Senior Writer Eric Berkman know at [eberkman@cio.com](mailto:eberkman@cio.com).